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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

CELSIUS NETWORK LLC, *et al.*,¹

Debtors.

) Chapter 11
) Case No. 22-10964 (MG)
) (Jointly Administered)
)

**DECLARATION OF KENNETH EHRLER IN SUPPORT OF THE JOINT MOTION OF
THE DEBTORS AND THE COMMITTEE FOR ENTRY OF AN ORDER**

**(I) APPROVING THE IMPLEMENTATION OF THE MININGCO TRANSACTION
AND (II) GRANTING RELATED RELIEF**

¹ The Debtors in these Chapter 11 Cases (as defined below), along with the last four digits of each Debtor's federal tax identification number, are: Celsius Network LLC (2148); Celsius KeyFi LLC (4414); Celsius Lending LLC (8417); Celsius Mining LLC (1387); Celsius Network Inc. (1219); Celsius Network Limited (8554); Celsius Networks Lending LLC (3390); Celsius US Holding LLC (7956); GK8 USA LLC (9450); GK8 Ltd. (1209); and GK8 UK Limited (0893). The location of Debtor Celsius Network LLC's principal place of business and the Debtors' service address in these Chapter 11 Cases is 50 Harrison Street, Suite 209F, Hoboken, New Jersey 07030.

I, Kenneth Ehrler, submit this declaration (this “**Declaration**”) in support of the *Joint Motion of the Debtors and the Committee for Entry of an Order (I) Approving the Implementation of the MiningCo Transaction and (II) Granting Related Relief* filed contemporaneously herewith (the “**MiningCo Motion**”)² and hereby declare under penalty of perjury that the following is true and correct to the best of my knowledge, information, and belief:

A. Qualifications

1. I am a Managing Director at M3 Advisory Partners, LP (“**M3**”) and serve as a financial advisor to the Official Committee of Unsecured Creditors of Celsius Network LLC (the “**Committee**”). I have over 15 years of experience advising clients on financial analysis, business plan development, operational improvement, cash and liquidity management, and M&A engagements. Since joining M3, I have provided restructuring advice to companies both in chapter 11 and on an out-of-court basis, in the crypto, financial services, healthcare, energy, industrial, retail, and hospitality industries. I have advised creditors and companies in several recent major chapter 11 cases including, among others, BlockFi Inc., Seadrill Partners LLC, Neiman Marcus Group LTD LLC, Tailored Brands, Inc., CraftWorks Holdings, and Sears Holding Corporation. Prior to joining M3, I was a Senior Manager at EY focused on business transformation and strategy consulting and held comparable financial and operational advisory roles at Citigroup, Credit Suisse, and Capgemini. I received my bachelor’s degree in electrical and computer engineering from Cornell University and an MBA with honors from the Wharton School at the University of Pennsylvania. I am a CFA Charterholder and Certified Insolvency and Restructuring Advisor.

² Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the MiningCo Motion.

2. On July 13, 2022 (the “**Petition Date**”), certain of the Debtors each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”).³ On July 27, 2022, the Committee in these chapter 11 cases (the “**Chapter 11 Cases**”) was appointed by the United States Trustee for Region 2. On August 1, 2022, the Committee voted to retain M3 as its financial advisor, subject to Bankruptcy Court approval, which was granted on October 18, 2022. *See Docket No. 1098.* I have been part of the M3 team working on these Chapter 11 Cases since August 2022.

3. M3 is a nationally recognized financial advisory firm, and its professionals have a wealth of experience in operational and financial restructurings, matters requiring expert opinions, and providing support for investigations and litigation in connection with financial restructurings. M3’s professionals have extensive experience in turnarounds, corporate restructuring, and bankruptcy and corporate financing, including, but not limited to, company business plan viability and plan feasibility. Throughout these Chapter 11 Cases, M3 has analyzed and reviewed, among other things, (i) financial information provided by the Debtors, (ii) the Debtors’ capital structure, (iii) the Debtors’ core and non-core business assets (including their bitcoin mining business) and the potential disposition or liquidation of the same, including through a sale process, and (iv) restructuring and liquidation alternatives, and has participated in meetings and negotiations to discuss and deliberate the foregoing.

4. As disclosed in the *Third Declaration of Mohsin Y. Meghji in Support of Application of the Official Committee of Unsecured Creditors for Entry of an Order Authorizing the Employment and Retention of M3 Advisory Partners, LP as Financial Advisor Effective as of*

³ On December 7, 2022, Debtors GK8 Ltd., GK8 UK Limited, and GK8 USA LLC each filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

August 1, 2022 [Docket No. 2595], from approximately November 14, 2022 to January 12, 2023, M3 advised U.S. Data Mining Group, Inc. (d/b/a U.S. Bitcoin Corp.) (“**US Bitcoin**”) in a matter unrelated to these Chapter 11 Cases (the “**US Bitcoin Matter**”). US Bitcoin owns equity in, and participated in the bid proposed by, Fahrenheit, LLC (“**Fahrenheit**”), and is proposed to serve as the mining manager of MiningCo (as defined below) in connection with the US Bitcoin MiningCo Transaction. The US Bitcoin Matter concluded prior to the time that the Debtors and the Committee commenced discussions with US Bitcoin and Fahrenheit about the Fahrenheit bid for the Debtors’ assets, which occurred in April 2023. M3 has not advised US Bitcoin since that time and has no current arrangement with US Bitcoin with respect to any other engagement. M3 has not advised and will not advise any entity, other than the Committee, in connection with these Chapter 11 Cases. I do not believe that M3’s prior advice to US Bitcoin has had any impact on the analysis I have provided to the Committee or this Declaration in any way.

5. In my capacity as Managing Director at M3 and role as the Committee’s financial advisor, I am generally familiar with the Debtors’ day-to-day operations, business, financial affairs, and ongoing restructuring efforts. Except as otherwise indicated, all facts in this Declaration are based on (a) my personal knowledge of the Debtors’ operations, (b) my discussions with the Debtors’ management team and advisors, the Committee and its advisors, and other entities, and (c) my review of relevant documents and information. If called upon to testify, I could and would testify competently to the facts set forth herein.

B. Auction and Selection of US Bitcoin

6. In October 2022, the Debtors commenced a marketing and sale process for all or substantially all of their assets. Through this process, the Debtors received six non-binding bids for their retail platform business (including any digital assets held by the Debtors), three non-binding bids for their mining business, and additional bids for individual assets. After

reviewing the bids, the Debtors determined that a transaction with a plan sponsor serving as the manager for the reorganized business was the best way to maximize value.

7. On February 15, 2023, the Debtors announced that, in consultation with the Committee, they had reached an agreement in principle with NovaWulf to manage the Debtors' reorganized business. After that announcement, other bidders expressed interest in a similar management structure, and NovaWulf served as the stalking horse bidder for a plan sponsor transaction. Following engagement with interested third parties, the Debtors determined to hold an auction. Before the auction, the Debtors and the Committee identified Fahrenheit, of which US Bitcoin is a member, and the BRIC as qualified bidders, in addition to NovaWulf. The auction commenced on April 25, 2023, and continued for a month, during which the Debtors and the Committee worked with NovaWulf, Fahrenheit, and the BRIC to obtain the best value for the Debtors' creditors. As a result of the auction process, the Debtors and the Committee were able to obtain, among other things, significantly reduced management fees, and the Debtors negotiated a plan that would provide for distributions of hundreds of millions of dollars' worth of additional Liquid Cryptocurrency to accountholders as compared to the NovaWulf transaction.

8. Before and during that period, the Debtors and the Committee also extensively vetted the proposed management teams and bitcoin mining management capabilities of each bidder. Leading up to and during the auction process, professionals and principals from the Committee, often including myself, conducted thorough operational diligence, including on-site visits of facilities owned or managed by US Bitcoin and Global[X]Digital (the BRIC's proposed mining manager), customer reference interviews, and review of each bidder's operating and financial performance. On May 25, 2023, the Debtors, in consultation with the Committee, identified Fahrenheit as the Successful Bidder and the BRIC as the Backup Bidder.

9. The proposed Fahrenheit Transaction has been referred to as the NewCo Transaction and the proposed new company has been referred to as NewCo. Bitcoin mining would comprise the primary assets and operations of NewCo. US Bitcoin was proposed to be the mining manager under the NewCo Transaction. Fahrenheit was unanimously selected by the Committee as its preferred plan sponsor in large part due to US Bitcoin's proven track record and expertise managing Bitcoin mining operations, including on behalf of third parties.

10. The Debtors and the Committee selected the BRIC as the Backup Plan Sponsor. The BRIC proposed to serve as Plan Administrator and wind down the Debtors' business if the NewCo Transaction could not occur and the Debtors and Committee pivoted to an Orderly Wind Down (unless, as described below, a superior bid was made). During the auction, the Debtors and the Committee discussed a proposed scope of work and fee structure with the BRIC. The scope of work included, among other things, (1) contracting with a third party distribution agent, Gemini Trust Company, to distribute liquid cryptocurrency to claimants and arranging for the initial distribution and future distributions of cryptocurrency, (2) strategically monetizing certain identified coins, (3) monetizing the Debtors' illiquid assets, (4) reducing and managing the Debtors' personnel and headcount, (5) reconciling claims and providing analysis with respect to expected reserves, (6) providing advice with respect to cryptocurrency trading strategies, and (7) preparing for the listing of the proposed public mining entity. A proposed compensation structure for that scope was negotiated with the BRIC. That fee structure included: (1) a \$46 million administrative fee over 5 years, (2) a \$12 million initial distribution fee, (3) a decreasing percentage fee based on distributions made after the initial distribution, (4) a 10% value creation incentive fee above the initial asset valuation of illiquid assets at emergence, and

(5) an annual discretionary management bonus. Those fees were documented in the Backup Plan Administration Agreement Term Sheet which was filed at Docket No. 2983.

11. It was contemplated that a separate litigation administrator would be appointed to manage the estate's causes of action. It was also contemplated that the BRIC's role as Backup Plan Sponsor would be subject to a market check if, at any time prior to or after the confirmation of the Plan, the Debtors, the Committee, and their respective advisors determined in good faith that an Orderly Wind Down was in the best interests of the estate due to complications or delays in implementing the NewCo Transaction.

C. Cedarvale Acquisition

12. On October 6, 2023, the Court approved the Debtors' purchase of the Cedarvale site (the "**Cedarvale Transaction**") from Core Scientific, Inc. ("**Core Scientific**"). The Cedarvale site is an approximately 85-acre mining site (with additional adjoining land acquired) in Ward, Texas. As part of the purchase, the Debtors also acquired certain architectural and mining infrastructures existing on the site and certain service contracts for the site, including an agreement with the Texas New Mexico Power Company to allocate 215 megawatts of electric capacity deliverable to the on-site substation at closing.

13. The Cedarvale Transaction resolved the long-running dispute between the Debtors and Core Scientific which resulted in the Debtors losing much of their hosting space at Core Scientific in January 2023. The total purchase price of the Cedarvale transaction was \$45 million, \$14 million was paid in cash and the remaining \$31 million was consideration for the Debtors' release of Core Scientific from certain claims the Debtors asserted against Core Scientific.

14. At present, the Cedarvale site includes an operational 250 megawatt ("**MW**") substation, 22MW of previously operational Antbox mining containers, and five in-progress

buildings, for which some level of civil, structural, and electrical engineering work has been completed. None of the mining facility buildings are constructed or operational. In preparation for the NewCo Transaction, the Debtors negotiated an interim agreement pursuant to which US Bitcoin agreed to assist in the build out and management of the Cedarvale site, but the Debtors delayed execution of this agreement pending selection of a Backup Plan Sponsor to avoid prejudicing MiningCo Transaction negotiations with other potential partners who could provide similar services. The development of the Cedarvale site is estimated to cost between \$75 million to \$95 million and is expected to have a total power capacity of at least 215 megawatts when completed. One of the goals of MiningCo is to vertically integrate its operations by owning and operating its full mining rig fleet at self-owned and managed facilities. By minimizing the reliance on third party hosting arrangements, MiningCo would be able to have a wider range of operational levers available to maximize its value and can mitigate the counterparty risk experienced with other hosting arrangements, such as with Core Scientific. Once the Cedarvale site is developed, MiningCo will be positioned to achieve that goal. I believe that the proposed MiningCo Transaction will avoid a costly transition of the construction of the Cedarvale facility, which could cost creditors millions of dollars in delays and lost income.

D. Case Progress, Plan Confirmation and SEC Communications

15. Following the auction, the Debtors have made substantial progress to prepare for the implementation of the Plan under either the NewCo Transaction or the MiningCo Transaction. For instance, the Debtors negotiated agreements with PayPal and Coinbase to distribute Liquid Cryptocurrency. The Debtors also converted the vast majority of their available, liquid, coins other than Bitcoin and Ethereum to Bitcoin, Ethereum or U.S. Dollars. The Debtors and the Committee also significantly streamlined the claims resolution process through the Class Claim Settlement, as described in more detail in the MiningCo Motion. The

Debtors have also monetized, resolved, or are close to resolving certain of their significant illiquid assets that were to be liquidated over time by the Backup Plan Sponsor, including their claims and notes from Core Scientific and their shares in the Osprey Bitcoin Trust. Other of the Debtors' large illiquid assets are now in litigation, like the StakeHound assets and EFH and Mawson notes. Accordingly, the scope of the Plan Administrator's responsibilities as contemplated by the Backup Plan Sponsor Agreement is no longer consistent with the remaining work required. The Debtors and Fahrenheit have also done a significant amount of work to prepare the Form 10 filing and associated audit of the mining business.

16. On November 9, 2023, the Court entered the *Findings of Fact, Conclusions of Law, and Order Confirming the Modified Joint Chapter 11 Plan of Celsius Network LLC and its Debtor Affiliates* [Docket No. 3972] (the “**Confirmation Order**”), confirming the Debtors’ Plan and approving the NewCo Transaction and the Orderly Wind Down. As described more fully in the MiningCo Motion, in addition to approving the NewCo Transaction, the Plan permits the Debtors and the Committee to implement an “Orderly Wind Down” which operates as an alternative to the NewCo Transaction and provides a “Plan B” alternative if the NewCo Transaction cannot be completed for any reason.

17. Shortly after the Court’s entry of the Confirmation Order, I was informed that the Debtors had received feedback from the SEC on certain aspects of the Plan. Specifically, I understand that the SEC informed the Debtors that they would not waive the requirement for the Debtors to present audited financials for each business segment to be transferred to NewCo as part of the Form 10 process. I understand that the SEC further informed the Debtors that they would not require pre-clearance for the Debtors to pursue registration of a mining-only company.

E. Response to SEC Feedback

18. After the SEC determined not to grant the pre-clearance request for the financial statement presentation in the NewCo Form 10, the Committee evaluated next steps with the Debtors and jointly determined to activate the Plan toggle. As part of that pivot, the Debtors intend to file a Form 10 to register the shares in a new, publicly traded bitcoin mining company (the “**MiningCo**”) imminently and retain the Debtors’ other illiquid assets to be monetized by either the Plan Administrator or the Litigation Administrator for the benefit of creditors (such transaction, the “**MiningCo Transaction**”).⁴

19. I understand that after receiving that news, the Debtors informed the BRIC of the SEC’s guidance and that circumstances had changed since the scope of work and fees associated with the Backup Plan Administration Agreement Term Sheet were negotiated and that the Debtors had resolved many issues initially proposed to be addressed by the BRIC and reached agreement for a Plan Administrator on terms significantly lower than those proposed by the BRIC.

20. On November 12, 2023, the BRIC sent a letter to the Debtors, copying the Committee’s advisors, which formally requested that the Debtors consummate the BRIC Backup Plan Sponsor Transaction on the terms set forth in the Backup Plan Administration Agreement Term Sheet. The BRIC offered to waive the \$12 million initial distribution fee, but otherwise maintained their remaining fees and scope of work. The BRIC’s letter did not address the Debtors’ concerns that the Backup Plan Administration Agreement Term Sheet contemplated the

⁴ Mohsin Meghji, the founder and managing partner of M3, has been selected to be the Litigation Administrator. That selection was approved in the Confirmation Order. The only substantial illiquid assets that were proposed to be transferred to NewCo that are now likely expected to be handled by the Litigation Administrator is the litigation regarding Equities First Holdings, Inc. and the Mawson entities.

BRIC providing services that the Debtors no longer require from them. On November 13, 2023, Fahrenheit submitted a revised proposal.

21. With two competing proposals in hand, the Debtors and Committee commenced an expedited market test for the role of the manager of MiningCo. On November 15, 2023, the Debtors, with input from the Committee, sent letters to the BRIC and US Bitcoin requesting that each of the BRIC and US Bitcoin parties submit a revised proposal to reflect the case developments described in the MiningCo Motion, because each of their prior proposals were obsolete and not executable. Specifically, Fahrenheit's NewCo proposal was not feasible given NewCo's pre-clearance request was not granted, and the BRIC's prior proposal was obsolete in light of the progress the Debtors and the Committee made in resolving Plan issues as described in the MiningCo Motion. The letters requested the parties submit revised bids to manage a company consisting of only the Debtors' mining assets by November 17, 2023 and answer certain questions with respect to their capabilities and proposed plans for the mining company. The letters made clear that time was of the essence as the Debtors and the Committee intended to make a decision and move forward quickly to minimize any further delay of distributions to creditors.

22. Also on November 15, 2023, a third party submitted a proposal, which was revised thereafter based on feedback from the Committee. The Committee advisors and principals met with representatives of such third party during this process, including at a meeting that was attended by nearly all Committee members on November 26, 2023. I met with representatives of such third party on multiple occasions throughout this process to ask questions regarding their bid.

23. US Bitcoin submitted a proposal on November 17, 2023. On November 22, 2023, in response to the Debtors' and the Committee's feedback, US Bitcoin improved certain elements of its proposal, including the term, termination rights, the cash management fee, and the equity fee.

24. Many of the Committee members and its advisors met with representatives of the BRIC and GXD for approximately two hours on November 17, 2023. I participated in that meeting. The BRIC did not submit a new proposal on November 17, 2023 in response to the Debtors' November 15, 2023 request, and I understand informed counsel to the Committee that they would not meet the deadline. On the evening of November 18, 2023, the BRIC sent a letter resubmitting their November 12 proposal and stated that GXD would serve as mining manager for the MiningCo on terms that had previously been proposed in a presentation submitted to the Debtors and the Committee in August 2023. The BRIC made clear that GXD acting as mining manager of MiningCo was contingent on the BRIC being selected as Plan Administrator on the terms set forth in its November 12 letter. In its letter, the BRIC threatened to litigate if the BRIC was not selected. BRIC subsequently sent revised proposals on November 24, 2023, and November 27-28, 2023, which proposal included a draft mining manager agreement. These proposals addressed some of the Committee's feedback but continued to incorporate a combined proposal for the Backup Plan Sponsor and managing MiningCo.

F. The Committee's Selection of US Bitcoin's Proposal for the MiningCo Transaction

25. My team and I analyzed each bid, including the proposals from the BRIC, and provided comparisons of each to the Committee. Each proposal and correspondence from the bidders was also directly sent to the Committee members. The Committee reviewed each proposal carefully and conducted additional diligence necessary to inform its analyses. The Committee deliberated the merits of the proposals at five separate meetings since receiving the

SEC's feedback. At these meetings, the Committee discussed the various proposals and counterparties at length and debated the benefits and risks of each one. While the Committee's advisors participated in these meetings, the discussion was largely driven by members of the Committee. In addition, several of the Committee members communicated directly with bidding parties to conduct their own diligence.

26. Following receipt and review of the revised bids from all bidding parties, the Committee requested and authorized its advisors to negotiate final terms with US Bitcoin. Following the completion of this additional diligence and deliberation, the Debtors and Committee jointly selected US Bitcoin to serve as the mining manager for MiningCo.

27. The Committee determined that US Bitcoin provides the best option among the bids received to stabilize and develop the MiningCo business plan. US Bitcoin was the only bidder willing to invest at plan value, alongside creditors, aligning their incentives with creditors to maximize value. US Bitcoin also provided the additional components from the Fahrenheit bid that will help to grow MiningCo efficiently, including its proprietary curtailment software, on-hand mining containers, strategic partnership with a leading miner manufacturer, a 240MW behind-the-meter site, immediate and interim hosting arrangements to improve cash flow, and coupons to purchase rigs in the future at a discount and offset future required capital expenditure. These elements, along with US Bitcoin's proven track record as an operator, are the same merits that led the Committee to select US Bitcoin and Fahrenheit as the winner of the auction in May 2023. The revised terms in the MiningCo Transaction improve upon the Fahrenheit bid. US Bitcoin also provided the largest limitation of liability to assure performance against their commitments and to develop fast, cost-effective, site buildouts, as described below. US Bitcoin's knowledge of the power market in Texas, where the majority of MiningCo's mining

rigs will be deployed when the development of the Cedarvale facility is complete, will also assist MiningCo in taking advantage of ERCOT's unique market dynamics to maximize value for creditors. US Bitcoin has also successfully led comparable transformations for other miners and site owners, with whom the Committee met and spoke during the auction. While other bidders included certain elements of US Bitcoin's contributions and may have exceeded its proposal on one factor or another, including annual cash management fees, the Committee evaluated a robust set of quantitative and qualitative factors, and no other bidder matched the full breadth and depth of offerings from US Bitcoin.

28. Furthermore, the Committee has experienced US Bitcoin's expertise firsthand since Fahrenheit was selected as the Plan Sponsor in May. In my experience, US Bitcoin has consistently been cooperative, commercial, and productive in its dealings with the Debtors and the Committee throughout these cases. US Bitcoin has also demonstrably added value to the estate. US Bitcoin was critical in multiple counterparty negotiations, including negotiating the Cedarvale transaction, and saved the estate millions of dollars on avoided capital equipment purchases. The US Bitcoin team and proposed management team for NewCo have also done substantial work preparing the new company to be listed on a public stock exchange. I understand that US Bitcoin and its management team, including Joel Block (the proposed Chief Financial Officer of NewCo and MiningCo), were instrumental to enabling the Debtors to complete the historical audit of their mining operations, including but not limited to securing support of an auditor and overseeing preparation of critical accounting memorandums. I believe that the MiningCo Transaction proposed by US Bitcoin also presents the quickest path to a public listing, in part due to their work on the Form 10 filing, including with the Debtors' auditor.

29. US Bitcoin has also been engaged on an interim basis to lead the design and planning for Cedarvale, where they have identified millions of dollars in expected labor and material savings. Their team has identified and resolved potential risks in the initial Cedarvale designs and their equipment on hand can help reduce development time by weeks or months. US Bitcoin has also provided the Debtors with a hosting arrangement at its Alpha site, allowing the Debtors to exit an underperforming contract. US Bitcoin will also facilitate short-term interim hosting for certain of the Debtors' rigs to generate cashflow while the Cedarvale site is being built.

30. I also believe that the selection of US Bitcoin will facilitate the fastest transaction and exit from chapter 11. The potential cost of delay here is very real. The Debtors and Committee have spent months negotiating the interim and mining management agreements with US Bitcoin, and there is the potential for a lengthy and costly process to negotiate definitive agreements with another bidder. I also understand that onboarding another bidder with the auditor could take three weeks or longer. Delays to emergence could cost the estate and creditors millions of dollars, as well as unintended consequences for liquid cryptocurrency recoveries given the volatility of cryptocurrency prices. Further, switching to another bidder could cause delays in the development of Cedarvale, which could impact cash flow leading up the halving, as a new mining manager may need time to evaluate and potentially adapt the building designs. Lastly, not all bidders provided the same suite of contributions as US Bitcoin, which could lead to higher costs for MiningCo in the future.

31. I believe that the opportunity cost saved by not switching mining managers will more than make up for the increased cash fees charged by US Bitcoin compared to certain of the other bids received by the Debtors.

G. MiningCo Capitalization

32. The Debtors and the Committee have determined to capitalize MiningCo with \$225 million of cash. This determination was made after considering potential cash needs and expected operating earnings of MiningCo in 2024 and discussions with each of the bidders. These cash needs include: (i) the build-out costs with respect to Cedarvale, (ii) working capital needs to manage day-to-day operations and collateral for potential power hedges at MiningCo's proprietary mining sites, (iii) the replacement of Celsius's older and less efficient rigs, and (iv) an acceptable level of minimum cash to protect against unexpected events and expenses.

33. When determining the proper amount of capital to contribute to the MiningCo, the Committee considered both protecting the value of the equity in MiningCo as well as the level of cryptocurrency available for immediate distribution to creditors, which it understood is a priority of creditors. The proposed level of capitalization will enable MiningCo to execute on its business plan without reliance on raising debt or outside capital in the near term. Based on my review of the bids provided and discussions with the bidders, I believe the proposed capitalization amount is generally consistent with the capitalization requirements of each bidder. In other words, accepting another bid would not result in a lower capitalization requirement for MiningCo. I believe that the proposed amount of capital to be contributed to MiningCo is appropriate, while not overcapitalizing the business. Capitalizing the MiningCo with insufficient cash could impact the viability of the business and creditor recoveries.

34. In sum, transitioning to the MiningCo transaction will maintain momentum and provide for continuity with respect to the plan that was approved and confirmed. Approximately 98% of creditors voted to approve a plan that centered around a mining business initially managed by US Bitcoin. That plan included the ability to toggle to an Orderly Wind Down that included a standalone, publicly traded mining company managed by a mining manager that had

yet to be identified. The MiningCo Transaction proposed by US Bitcoin provides for that business. Moreover, the fixed cost structure contemplated in the US Bitcoin MiningCo Transaction proposal will become more advantageous as MiningCo and its operations grow. Efficiently toggling to the MiningCo Transaction will allow the Debtors to maintain their target end of January date to make initial distributions, which is of paramount importance to the Committee.

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I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

Executed on: November 30, 2023
New York, New York

/s/ Kenneth Ehrler
Kenneth Ehrler